

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Vargas for Congress '96 and) MUR 4742
Deanna Liebergot, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by the Commission pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Commission found probable cause to believe that Vargas for Congress '96 and Deanna Liebergot, as treasurer ("Respondents"), violated 2 U.S.C. § 434(b). The Commission has not found that the violation was committed knowingly and willfully.

NOW, THEREFORE, the Commission and Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Juan Vargas was a candidate in the race for the Democratic nomination to the House of Representatives for the 50th District of California in 1996.

2. Vargas for Congress '96 is a political committee within the meaning of 2 U.S.C. § 431(4) and is the authorized political committee of Juan Vargas. *See* 2 U.S.C. § 432(e)(1).

3. Deanna Liebergot is the treasurer of Vargas for Congress '96.

4. The Primacy Group ("Primacy"), a political consulting firm, was the Committee's primary vendor in the 1996 primary race.

5. A written contract, including a media contract, promise, or agreement to make an expenditure, is considered an expenditure as of the date the contract, promise or obligation is made. 11 C.F.R. § 100.8(a)(2). Agreements to make expenditures over \$500, including those memorialized in writing, must be reported as of the date that the debt or obligation is incurred, except that any obligation incurred for rent, salary or other regularly reoccurring administrative expense shall not be reported as a debt before the payment due date. 11 C.F.R. § 104.11(b). This is true of all campaign debts and obligations, which must be reported in a committee's periodic disclosure filings. 2 U.S.C. § 434(b)(8).

6. Primacy and Respondents entered into a written contract on September 29, 1995 pertaining to services to be provided in connection with the March 1996 primary election in California. The relevant terms of the contract obligated Respondents to pay Primacy a \$4,000 per month retainer; \$1,000 of the retainer was to be paid in cash every month; Respondents were to pay Primacy \$1,000 per month of the retainer as deferred compensation on the date of the primary, if finances permitted, and otherwise this amount was to be deferred until 180 days after the primary; and Respondents were to pay Primacy \$2,000 per month of the retainer within 180 days of the primary.

7. Respondents contend that they believed that the deferred portion of Primacy's compensation should be treated as a "regularly reoccurring administrative expense" item, and that, as a result, Respondents failed to report the deferred portion of each monthly payment in its

21-042403-1960

periodic disclosure reports, and first reported debt owed to Primacy in its 1996 April Quarterly Report, when payment first became due.

V. Vargas for Congress '96 and Deanna Liebergot, as treasurer, failed to timely report debt owed to Primacy, in violation of 2 U.S.C. § 434(b).

VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Thousand, One Hundred dollars (\$1,100), pursuant to 2 U.S.C. § 437g(a)(5)(A).

2. Respondents will amend all reports currently on file with the Commission to accurately reflect debt owed.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or

1996-04-03-1951

oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lois G. Lerner
Acting General Counsel

BY: Abigail Shaine
Abigail Shaine
Acting Associate General Counsel

3/21/01
Date

FOR THE RESPONDENTS:

Fredric Woocher
(Name) Fredric Woocher
(Position) Strumwasser & Woocher LLP
Counsel for Respondents

2/1/01
Date

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